# LEASE **BETWEEN**

# FANAROFF & STEPPA, LLC

#### AND

	,	/ MON	TGOMERY COUNTY, MARYLAND
DATED:	6/	29	TGOMERY COUNTY, MARYLAND

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Lease Exhibit "A": Schematic Plans of the Premises

Lease Exhibit "B": Rent Schedule

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#### LEASE

This LEASE ("Lease") dated this \_\_\_\_\_\_\_\_, 2010, by and between FANAROFF & STEPPA, LLC, called the "Landlord" or ("the Landlord") and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the State of Maryland (hereinafter, together with its successors and assigns called "County" or "the County"), (together, Landlord and the County the "Parties").

# WITNESSETH:

That for and in consideration of the rents hereinafter reserved and the agreements and covenants herein contained, the Parties mutually agree as follows:

- 1. PREMISES: Landlord is the owner of certain real property located in Montgomery County, Maryland which is located at 981 Rollins Ave, Rockville Maryland, 20850 described as shown on Exhibit "A", The Landlord does hereby lease unto the County and the County hereby leases from the Landlord the premises located at 981 Rollins Ave, Rockville, Maryland 20850 ("Leased Premises/Building"). The Leased Premises includes a commercial office building with 24,166 square feet of office space inclusive and parking areas (as designated in Exhibit "I"), driveways, sidewalks and other improvements that are located on the Leased Premises.
- 2. TERM: The Lease term is ten (10) years. The "Starting Date" is <u>July 1, 2010</u> and the "Ending Date" is <u>June 30, 2021</u>. The County may extend the Term only in accordance with the provisions stated herein.
- 2.A. The Landlord hereby grants to County the conditional right, exercisable at the County's option, to renew the term of this Lease for one (1) term ("Extension Term") of ten (10) consecutive years providing all conditions in paragraph 2. TERM are met.
- 2.B. The County may exercise the Extension Term if (a) the County is not in default, (b) the Lease is in force, (c) this Lease has not been assigned and the Premises has not been sublet, and (d) at

least twelve months (12) before the end of the initial Term, the County gives Landlord notice in writing that the County intends to extend. During the Extension Term period the Landlord shall have the right to terminate this Lease for the purposes of redevelopment of the Leased Premises by giving The County twelve (12) months prior written notice.

2.C Unless noted otherwise, all other Lease terms and conditions, including but not limited to the payment of Additional Rent, shall remain the same during the Extension Term. For the Extension, the County shall accept the Premises "AS-IS" and there shall be no Landlord's Work for the Extension. If, at the start of any Extension Term, the customary insurance coverage for this type of lease and for the County has increased, then the County will increase its coverage.

# 3. RENT:

- 3.A. Rent Commencement Date shall be July 1, 2011.
- 3. B. The County shall pay to Landlord all rent in United States currency, without any deduction, set-off, notice, demand, and unless stated otherwise, billing. The County shall pay all Base Rent Installments in advance by the first day of each calendar month. All rent shall be paid To:

FANAROFF & STEPPA, LLC P. O. Box 1432 Rockville, MD 20849-1432

or any other address or party as Landlord may direct in writing.

3.C. Initial Base Rent Schedule: The annual base rent for the Initial Term is set forth in "Exhibit B", a Rent Schedule, attached hereto and incorporated herein. The annual base rent for Year 1 is calculated based upon a rate of Twenty-Three Dollars and Fifty Cents (\$23.50) per square foot (psf) and a Leased Premises of 24,166 square feet. Starting July 1, 2012, and at each subsequent July 1 during the term of the lease, the base rent will increase 3.0% over the previous year subject to annual appropriation by the Montgomery County Council, as provided below, the

County will pay Rent (exclusive of paragraph 3.C. Additional Rent) in "Monthly Base Rent Installments" according to Lease Exhibit "B", Rent Schedule.

- 3.D. By the same method contained in the Rent Schedule, Exhibit "B" the Base Rent for each year or the subsequent Extension Term Lease Years shall be increased by 2.5 % of the Base Rent of the previous Lease Year.
- 3.E. Additional Rent: All money due Landlord under the requirements of this Lease, other than Base Rent, is "Additional Rent." Unless stated otherwise, the County shall pay Additional Rent within 10 business days of receipt of invoice. Landlord's remedies for the non-payment of Additional Rent are the same as for Base Rent.
- 3.F. Survival: Regardless of the Ending Date or earlier end of the Term (collectively, "Term End"), the County shall promptly and fully perform all its Lease obligations. However, this shall not contradict paragraph 36: Non-Appropriation.
  - 3.G. Deposit: The County shall NOT pay a security deposit.
- 3.H. Late Charge and Interest: Any monthly installment of Base Rent not paid by the tenth day of the month shall be subject to a late charge of five percent (5%), but this does not extend the due date of the rent from the first day of each month. In addition, all Base Rent not paid within thirty (30) days after the due date and all other rent and all other payments becoming due hereunder (including additional rent) shall bear interest at the rate of twelve percent (12%) per annum from the date when the same shall become due and payable.
- 4. <u>UTILITIES</u>: The County shall pay directly to the provider for all its utilities services, recycling services and associated equipment, including but not limited to, electricity, gas, telephone, trash removal, recycling services and dumpster, water and sewer. All utilities are separately metered. The County shall transfer all accounts to itself on the County's possession of the Premises, which shall be upon County's receipt of keys to the Premises and a signed letter of acceptance of the Premises by the County. In no

event shall Landlord be liable for any interruption or failure in supply of utilities to the Premises, unless Landlord's specific actions or omissions prevents the County from receiving the utilities.

### 5. MAINTENANCE OF PREMISES:

- 5.A. Repairs by Landlord. Landlord agrees, at its expense, to maintain and keep in repair the structural parts of the Leased Premises. They specifically include: (1) all roof water protection, including the roof, flashing, gutters, downspouts, and roof drains; (2) all exterior masonry walls, interior columns, roof, interior concrete slabs, and all foundations; (3) the interior elevator and all underground utility services inside and outside the Leased Premises; and (4) all site improvements, including the exterior walkway cover, paving, sidewalks, curbs, gutters and storm water drainage systems and parking lot lights. Landlord shall not be liable to make any other improvements or repairs of any kind to the Leased Premises, unless required under any other provision in this Lease. Except as provided in this section, Landlord shall not be required to furnish any services or facilities or to make any repairs, alterations or improvements in or to the Leased Premises. The County shall notify Landlord in writing of the need for any repairs which Landlord is required to make under this Section. There shall be no allowance to the County for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from the making of any repairs in or to any portion of the Leased Premises or the Building (or in or to fixtures, appurtenances or equipment thereof). Provided the County abides by all warranty guidelines and performs required service maintenance, the County shall be afforded the right to all manufacturer's warranties, where applicable. Upon completion of Tenant and Base Building Improvements, Landlord shall deliver copies of warranty contracts to Tenant.
- 5.B. Repairs by the County. Except as aforesaid in Section 5.A hereof, the County hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Premises. The County, at its expense, shall at all times maintain the Leased Premises in good condition and repair, including all mechanical, plumbing, heating, air conditioning,

sprinkling and electrical equipment (and make replacements of such equipment where needed, including interior lighting fixtures and bulbs) and all other non-structural parts of the Leased Premises and shall keep the Leased Premises in a clean, sanitary, and safe condition in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector or other proper officers of the governmental agencies having jurisdiction. The County shall clean its premises and remove all trash daily. The County shall comply with all requirements of law, ordinances, and otherwise, affecting the Leased Premises; and shall permit no waste, damage or injury to said premises, the County shall enter into service contracts for the maintenance of the heating system, elevator, as well as the air conditioning and sprinkling systems. If any such service contract should not be obtainable, the County agrees to have the system or equipment not so covered inspected periodically, but not less than once each year and to promptly submit to Landlord a copy of such inspection report. The County must correct any deficiencies noted on such inspection report within thirty (30) days after receiving notice to do so from Landlord. Copies of all service agreement shall be provided to Landlord annually throughout the term of the Lease.

All such repairs, restorations and replacements shall conform to the standards of the Building (comparable buildings in the Rockville submarket). The scope of services and work methods shall be subject to the approval of Landlord, whose written approval shall be obtained prior to the commencement of any such work, such approval shall not be unreasonably, withheld, conditioned or delayed. If the County shall fail to make such repairs, restorations or replacements, then Landlord shall have the right to make such necessary repairs, restorations and replacements, structural, non-structural, or otherwise, and any charge or cost so incurred by Landlord shall be paid by the County to Landlord as additional rent payable with the installment of rent next becoming due under the terms of this Lease. This provision shall be construed as an additional remedy granted to Landlord and not in limitation of any other rights and remedies which Landlord has or may have in said circumstances.

5.C. HVAC Maintenance: The County shall maintain all HVAC systems by a service contract with a licensed HVAC contractor. This contract shall provide for at least quarterly filter replacement, cleaning and inspection by qualified service technicians. If the County fails to maintain this service

contract and any component of the HVAC system fails before the end of its reasonably expected useful life, then the County shall be responsible for total replacement. The County shall maintain a minimum temperature of 45 degrees F. to prevent freezing of the plumbing and sprinkler systems.

- 5.D. Common Area Maintenance: It will be the Landlord's responsibility to maintain the areas outside of the building at the County's expense. These maintenance items include, but are not limited to:
  i) drive aisle and parking area maintenance and repair, ii) snow and ice removal, iii) landscape maintenance and exterior lighting maintenance and associated equipment serving exterior lighting, management fees, ongoing fees and personnel costs.
- 5.E. Damage: Notwithstanding anything in this Lease to the contrary, the County shall perform all maintenance, repair, or replacement of any improvements, including those mentioned in Article 5A., caused by (a) the County's negligence, abuse, misuse, or neglect or (b) the moving of anything in or out of the Premises.
- 6. TRIPLE NET CHARGES: This Lease is what is commonly called a Triple Net ("NNN") lease, it being understood that Landlord shall receive all Rent as provided in section 3 and in addition, the County shall pay to the Landlord the costs incurred by the Landlord for owning and maintaining the Premises, classified and described below as 6B.Real Estate taxes, and 6C. Operating costs, during the entire term of the Lease, during any extensions, hold over periods or any other periods of occupancy. All of these costs, collectively referred to as NNN charges, once billed to the County, shall constitute Rent, and upon the failure of the County to pay any such charges, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of the County to pay Rent:
- 6.A. Payment: During each month of the Initial Term and any Extension Term(s) or other periods of occupancy, on the same date that Base Rent is due, the County shall pay to the Landlord an amount equal to 1/12 of the annual costs, as estimated by Landlord from time to time of the NNN charges.

6.B. Real Estate Taxes: Real Estate taxes are defined as all assessments for betterments and improvements that are levied or assessed by any lawful authority on the Premises ("Real Estate Taxes"). Landlord shall pay all Real Estate Taxes that are levied or assessed by any lawful authority on the Premises prior to the date interest or penalty is assessed on the same. Landlord shall take the maximum benefit of any law allowing Real Estate Taxes to be paid in installments, and in such event only the amount actually paid by Landlord during the applicable tax year shall be included in Real Estate Taxes for purposes of this Article. Landlord agrees to pay all Real Estate Taxes prior to the last date that the same may be paid without penalty or interest, or if a discount shall be available for early payment, prior to the last day that such discount is available. Without cost to the County, Landlord shall bear all interest, penalties, late charges and lost discount amounts incurred as a result of Landlord's failure to timely pay any installment of Real Estate Taxes. The Real Estate Taxes for any tax year shall mean such amounts as shall be finally determined to be the Real Estate Taxes payable during such tax year less any abatements, refunds or rebates made. The Parties shall make appropriate adjustments to previous amounts received by Landlord from the County on account of any abatements, refunds, rebates, or increases in Real Estate Taxes, immediately following the determination of the amount of such abatements, refunds, rebates, or increases. Prior to the Commencement Date, Landlord shall pay all Real Estate Taxes before interest or penalties are assessed. If Landlord elects to contest said tax assessment the County shall reimburse Landlord for 87.8% of the costs and expense associated with contesting the assessment.

Real Estate Taxes to the County shall <u>not</u> include the following: (i) income, intangible, franchise, capital stock, estate or inheritance taxes or taxes substituted for or in lieu of the foregoing exclusions; (ii) taxes, gross receipts or revenues of Landlord from the Premises or other portions of the Building, or (iii) impact fees.

Reasonable expenses, including attorneys' fees, expert witness fees and similar costs, incurred by Landlord in obtaining or attempting to obtain a reduction of any Real Estate Taxes and Landlord's administrative expenses relating to the foregoing shall be added to and included in the amount of any such Real Estate Taxes. Real Estate Taxes which are being contested by Landlord shall nevertheless be

included for purposes of the computation of the liability of the County under this Section, provided, however, that in the event that the County shall have paid any amount of increased rent pursuant to this Section and Landlord shall thereafter receive a refund of any portion of any Real Estate Taxes on which such payment shall have been based, Landlord shall pay to the County the 87.8% of such refund.

Landlord shall have no obligation to contest, object or litigate the levying or imposition of any Real Estate Taxes and may settle, compromise, consent to, waive or otherwise determine in its discretion any Real Estate Taxes without consent or approval of the County.

If the termination date of the Lease shall not coincide with the end of a real estate tax year, then in computing the amount payable under this Section for the period between the commencement of the applicable real estate tax year in question and the termination date of this Lease, The County's Percentage Share of the Real Estate Taxes for the applicable real estate tax year shall be equitably apportioned (on a per diem basis) so that The County shall pay only such portion of Real Estate Taxes as is attributable to the portion of such real estate tax year occurring during the term of this Lease. The County's obligation to pay Real Estate Taxes under this Section for the final period of the Leases shall survive the expiration of the term of this Lease.

A tax bill or true copy thereof, together with any explanatory statement of additional items or the area or property covered thereby, submitted by Landlord to the County shall be conclusive evidence of the amount of Real Estate Taxes assessed or levied, as well as of the items taxed. If any real property tax or assessment levied against the said land, Building or improvements or the rents reserved therefrom, shall be evidenced by improvement bonds or other bonds, or in any other form, which may be paid in annual installments, only the amount paid or payable in any real estate tax fiscal year shall be included as Real Estate Taxes for that real estate tax year for purposes of this Section. The County shall pay as its proportionate percentage of Real Estate Taxes, (87.8%). The County shall have the right once per fiscal year to request current year's tax assessment and tax bill.

6.C. Operating Costs: For the purposes of this Lease, Operating Costs means the sum of the following costs and charges incurred by Landlord for each calendar year or part thereof during the term of

this Lease: (i) "Operating Costs" (as hereafter defined); (ii) repair and maintenance costs (but not including any capital improvements or replacements) for the structure and exterior of the Building; and (iii) "Insurance Costs" (as hereafter defined). Operating Costs means all costs incurred by Landlord to operate, maintain, replace and repair the interior and exterior area, including but not limited to costs for the following: security services; gardening, grass cutting and landscaping; repairs; painting; carpeting, flooring, striping and sweeping; lighting (including the cost of electricity and maintenance and replacement of fixtures and bulbs); ice and snow removal; equipment and supplies; replacement of paving, curbs and walkways; patching of parking surface; re-painting and re-striping of parking areas and car stops; a reserve for re-surfacing the parking lot [calculated on a ten (10) year life]; management fees; and personnel to operate, maintain and repair the exterior areas (including salaries, employment taxes, fringe benefits and workmen's compensation insurance for such personnel). Insurance Costs means all insurance premiums and other costs incurred by Landlord in connection with fire and extended coverage, public liability, business interruption, and any other insurance maintained by Landlord relating to the Building and the adjacent land owned by Landlord.

- 6.D. Reimbursement: If the operation of any of the foregoing provisions results in the County's payment of the NNN expenses beyond the Term of this Lease, Landlord, within thirty (30) days following the expiration of the Term of this Lease, shall reimburse the County any such amount, less amounts then due Landlord from the County.
- 6.E. Documentation: Landlord will provide an annual accounting for all NNN charges billed to the County, and the County shall be compensated, or compensate for underages or overages in the estimated billing for the prior year.
- 6.F. Substitute Tax: In the event that any present or future enactment of any state or political subdivision thereof or any governmental authority having jurisdiction over the Premises (a) imposes a tax and/or assessment of any kind or nature upon, against or with respect to the rents payable by the County in the Building to Landlord derived from the Building or with respect to the Landlord's (or lessor's)

addition thereto; and/or (b) imposes a tax or surcharge of any kind or nature, upon, against or with respect to the parking areas or the number of parking spaces in or around the Building, such tax, assessment and/or surcharge shall be deemed to constitute real estate taxes for the purpose of this Paragraph 8 and the County shall be obligated to pay its proportionate share. Landlord must notify the County in writing of the additional charge not less than 60 days prior to instituting the charge to allow the County time to process the charge.

## 7. USE:

- 7.A. Premises: The County will use the Leased Premises as offices associated with any Montgomery County Services. The County shall have the right to occupy and use the Premises twenty-four (24) hours a day, seven (7) days a week for any lawful use allowable.
- 7.B. Common Areas: The County has exclusive use of the entire property including all "common areas", parking areas, service roads, loading facilities, sidewalks, and other facilities and may restrict entry or use there-on.
- 7.C. Trash: The County shall (a) keep the Premises clean, (b) store trash in appropriate containers at a location approved in advance by Landlord, (c) hire trash removal and recycling contractors, and (d) promptly clean the Premises of any debris and trash related to the County's use and occupancy of the Premises.
- 8. <u>THE COUNTY REQUIREMENTS FOR SPACE IMPROVEMENT:</u> The Parties agree that, during the term of the Lease, the Landlord will contract for the County improvements as described in Section 8 and provide the services necessary to complete all the County improvements required as described therein, at the Landlord's sole costs and expense.

The County shall furnish to Landlord its completed and approved space plan drawings no later than ten (10) days after the full execution of this Lease. The space plan shall be attached as Exhibit "D" hereto. Within sixty (60) days after receipt of space plan drawings, Landlord shall furnish to the County

The County shall furnish to Landlord its completed and approved space plan drawings no later than ten (10) days after the full execution of this Lease. The space plan shall be attached as Exhibit "D" hereto. Within sixty (60) days after receipt of space plan drawings, Landlord shall furnish to the County completed construction drawings and/or a scope of work reflecting the details as shown in the space plan. The County shall have twenty (20) days to approve the construction drawings and specifications attached as Exhibit "E" Approved Construction Plans and Exhibit "F" Approved Construction Specifications.

Should the County fail to approve the construction drawings and/or scope of work within twenty (20) days, or should the County not provide Landlord with the space plan on or before twenty (20) days after the full execution of this Lease, then any delay in completing the Leased Premises shall not in any manner affect the Rent Commencement date of this Lease or the County's liability for the payment of rent from the Rent Commencement date, and under these circumstances, Landlord agrees to use its best efforts to make the Leased Premises ready for the County's occupancy no later than the Rent Commencement date of this Lease, plus the number of days' delay resulting from the County's failure to comply with the provisions of this Section.

Any subsequent changes to the approved construction drawings and/or scope of work shall be signed or initialed by the County and the County shall bear the cost of and pay for such changes (both redesign and construction cost) promptly after being billed therefor by Landlord. The County shall be responsible to Landlord for any delay in completion of the County improvements as a result of such changes or delays caused by non-receipt of the County's non-building standard materials. The Rent Commencement date of the Lease shall not be deferred because of any such changes.

9. ZONING AND PERMITS: Anything herein elsewhere contained to the contrary, this Lease and all the terms, covenants, and conditions hereof are in all respects subject and subordinate to all zoning restrictions affecting the Leased Premises, and the Building, and the County agrees to be bound by such restrictions. The Landlord further does not warrant that any license or licenses, permit or permits, which may be required for the business to be conducted by the County on the Leased Premises will be granted,

or, if granted, will be continued in effect or renewed and any failure to obtain such license or licenses, permit or permits, or any revocation thereof or failure to renew the same, shall not release the County from the terms of this lease.

## 10. ALTERATIONS:

- (a) The County will not make any alterations, installations (including but not limited to heating and air conditioning equipment, screens and fences), changes, replacements, additions, or improvements, structural or otherwise, in or to the Leased Premises or any part thereof, without the prior written consent of Landlord, which shall not unreasonably withheld, conditioned or delayed. The County will make, at its expense:
- (i) such alterations, modifications and improvements to the Leased Premises as may be required by the building or other applicable regulations in the jurisdiction in which the Leased Premises are located, or by Landlord's insurance carrier to avoid cancellation of Landlord's insurance, or to secure adequate additional insurance coverage, unless such alterations, modifications and improvements would be required without reference to the use being made of the Leased Premises, and
- (ii) such alterations, modifications or improvements to the Leased Premises as may be required for the safety and health of the County's employees, pursuant to the Williams-Steiger Occupational Safety and Health Act of 1970 (OSHA), as the same may be amended or implemented from time to time; but no such alterations, modifications or improvements nor any other alteration, modification, addition, installation or improvement that the County wishes to make, shall not be made unless Landlord shall first gives written approval of the plans and specifications, which shall not unreasonably withheld, conditioned or delayed, therefor, and Landlord shall have been protected, to Landlord's satisfaction, against any cost or damage incident thereto, and unless the County shall first have secured all necessary building and other permits. If the County should make any thereof without Landlord's consent, the County hereby agrees to indemnify Landlord from any liability which may dévolve upon Landlord as a consequence thereof, subject to Statutory Limitations.

- (b) All alterations, installations, changes, replacements, additions to or improvements upon the Leased Premises (whether with or without Landlord's consent) shall, at the election of Landlord, remain upon the Leased Premises and be surrendered with the Leased Premises at the expiration of this Lease without disturbance, molestation or injury. Should Landlord elect that alterations, installations, changes, replacements, additions to or improvements upon the Leased Premises be removed upon termination of this Lease or upon termination of any renewal period hereof, the County hereby agrees to cause them to be removed at the County's sole cost and expense and to repair any damage caused by such removal and should the County fail to remove them then and in such event Landlord shall cause them to be removed at the County's expense and the County hereby agrees to reimburse Landlord for the cost of such removal together with any and all damages which Landlord may suffer and sustain by reason of the County's failure to remove them.
- 11. COMPLIANCE WITH LAWS, ORDINANCES, ETC.: Throughout the term of this Lease, the County, at its sole cost, will promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, and all orders, rules and regulations of the National Board of Fire Underwriters or any other body exercising similar functions, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Leased Premises or to the use or manner of use of the Leased Premises. If governmental regulations require recycling of any or all of the trash generated in the Leased Premises, the County agrees to participate in any recycling program and to assume any obligation for recycling which may be imposed upon Landlord, as the property owner, with respect to the refuse, garbage and trash generated by the Leased Premises'. The County shall likewise observe and comply with the requirements of all policies of public liability, fire and all other insurance at any time in force with respect to the Leased Premises, however, the County retains the right to self insure.

## 12. COUNTY'S PROPERTY DAMAGE AND LIABILITY INSURANCE

12.A. The County shall obtain and maintain, during the full term of this Lease and any extension thereof, a policy of public liability insurance with bodily injury or death and property damage limits of

Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act, 1986 MD. Ann. Code, Cts & Jud. Proce. Sec. 5-301 et seq. (2006 Repl. Vol) as amended (the "LGTCA"). If the LGTCA is amended to increase any of these limits, then the increased limits shall automatically apply to this Lease.

12.B. The County agrees that it will not keep in or upon the Premises any article which may be prohibited by the standard form of fire or hazard insurance policy. In the event the County's occupancy causes any increase in the insurance premiums for the Premises or any part thereof, then the County shall pay the additional premiums as they become due.

12.C. The County agrees to hold harmless and defend the Landlord from and against any and all damages arising solely out of the County's use of the Premises which are caused by any negligent act or omission of the County, or its employees, except to the extent that claims arise from the negligent acts or omissions of the Landlord, the Landlord's employees, and contractors. Any indemnification given by the County is subject to the notice requirements and damages limitations stated in the County Indemnification Statutes, defined below, as amended from time to time.

The Landlord agrees to hold harmless and defend the County from and against any and all damages arising solely out of the activities on the Premises which are caused by any negligent act or omission of the Landlord or its employees, except to the extent that claims arise from the negligent acts or omissions of the County, or the County's employees.

- 12.D. Notwithstanding anything in this Lease to the contrary, the County further agrees that all personal property in the Premises shall be and remain at the County's sole risk, and the Landlord shall not be liable for any damage to or loss of such personal property except to the degree damage arises out of the wrongful acts or omission of the Landlord, Landlord's agents, contractors or employees.
- 12.E. Not later than thirty (30) days following execution of this Lease, the County will deliver to the Landlord a certificate of insurance for the coverage specified, above.

- 12.E. Not later than thirty (30) days following execution of this Lease, the County will deliver to the Landlord a certificate of insurance for the coverage specified, above.
- 12.F. Any obligation or liability of the County arising in any way from this Lease is subject to, limited by, and contingent upon the appropriation and availability of funds. Any indemnification given by the County in this Lease is limited by the damage caps and notice requirements stated in the Local Government Tort Claims Act, Md. Code Ann., and Cts. & Jud. Proc. §§ 5-301, et seq. (2006) Repl. Vol.) (the "LGTCA"); Md. Code Ann. Art. 25A, §1A (2006 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. § 5-509 (2006 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. § 5-504 (2006 Repl. Vol.); and Md. Code Ann. Cts & Jud. Proc. § 5-604 (2006 Repl. Vol.) (together the "County Indemnification Statutes"), all as amended from time to time, and any indemnification given by the County in this Lease is not intended to create any rights or causes of action in any third parties or to increase the County's liability above the caps provided in the County Indemnification Statutes, as applicable.

#### LANDLORD'S PROPERTY DAMAGE AND LIABILITY INSURANCE:

- 13.A. The Landlord shall obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of general liability insurance with limits of Three million dollars (\$3,000,000) including fire legal liability, contractual liability, products and completed operations, and personal injury.
- 13.B. The Landlord shall carry an All Risk Property Policy to protect against loss caused by the perils insured in the amount of 100 percent of the insurable value of the property. The policy shall also endorse a demolition and clearing clause, extra expense and loss of use coverage.
- 13.C. The Landlord shall provide a certificate of insurance evidencing the coverage described above not later than within thirty (30) days following the execution of this Lease..
- 13.D. The Landlord will indemnify the County and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and /or damage to property arising from or out of any occurrence upon or at the Premises, or the occupancy or

use by the Landlord of the Premises or any part thereof including exterior areas, to the extent caused by any wrongful act or omission of the Landlord, its agents, contractors, or employees, excepting claims arising out of the negligent acts or omissions of the County or the County's employees. The Landlord shall indemnify the County against any penalty, damage or charge incurred or imposed by reason of the Landlord's violation of any law or ordinance.

# 14. OTHER DAMAGE

- 14.A. All injury to the Premises caused by moving property of the County into, in or out of, the Building and all breakage done by the County, or County contractors, employees of the County and contractors to the Leased Premises shall be repaired by the County, at expense of the County. If the County shall fail to do so, then Landlord shall have the right to make such necessary repairs, alterations and replacements, structural, nonstructural or otherwise and any charge or cost so incurred by Landlord shall be paid by the County with the right on the part of Landlord to elect in its discretion to regard the same as additional rent, in which event such cost or charge shall become additional rent payable with the installment of rent next becoming due or thereafter falling due under the terms of this Lease. This provision shall be construed as an additional remedy granted to Landlord and not in limitation of any rights and remedies which Landlord has or may have in these circumstances.
- 14.B. The County shall give Landlord prompt notice of any accident to or defect in the pipes, sprinkler system, heating or air conditioning apparatus, or electric wires or system in order that it may be remedied by Landlord.
- 14.C. Landlord assumes no liability or responsibility whatever with respect to the conduct and operation of the business to be conducted in the Leased Premises.
- 15. GOOD ORDER AND REPAIR: The County covenants and agrees to maintain the Leased Premises in good order and condition.

- 16. FURNITURE, FIXTURES AND EQUIPMENT: The County may install in or on the Leased Premises any furniture fixtures, and equipment necessary in the conduct of the County's Use, and the same shall remain the property of the County. The County shall remove all such fixtures and equipment at the expiration of this Lease. In the event any damage is done to the Leased Premises in the installation or removal of said furniture and trade fixtures, the County will immediately make such repairs as are necessary to restore said Leased Premises to their original condition, or promptly reimburse the Landlord for the cost of such repairs.
- 17. SIGNS: The County shall place no signs, awnings or curtains on any part of the exterior of the Leased Premises, nor paint any brick or stone work, cornice work, mill work or iron work on the front of the Leased Premises without the written consent of Landlord or his Agent first had and obtained, which consent shall not be unreasonably withheld, conditioned, or denied.
- 18. SIDEWALKS: The Landlord shall keep the sidewalks immediately abutting the Leased Premises, including the sidewalk around the Leased Premises properly swept and free from trash, snow and ice.
- 19. LANDLORD'S ACCESS. Landlord shall have the right at all reasonable times, after contacting the County, to enter upon the Leased Premises for the purpose of inspecting same, making necessary repairs, or showing same to potential purchasers or mortgage lenders. Landlord shall have the further right during the last six (6) months of the Lease Term to bring prospective tenants into the Leased Premises for the purpose of showing same. Landlord shall make reasonable efforts to minimize interference or disruption to the County.
- 20. GLASS PANE REPLACEMENT: The County, at the County's sole cost and expense, agrees to promptly replace any window or door glass pane that is broken, chipped or cracked, not as a result of structural failure or Landlord's negligence. Should the County fail to effect a replacement within a reasonable period of time (but at least within thirty (30) days), the Landlord may perform this work and the County shall reimburse Landlord for the cost thereof, as additional rent.

21. <u>ASSIGNMENT AND SUBLETTING:</u> The County shall have the right to assign this Lease only to other Montgomery County Agencies with the prior written consent of the Landlord, which shall not be unreasonably withheld, conditioned or denied.

### 22. DEFAULT:

- 22.A. By County: Any one of the following events shall constitute an event of default by the County under this Lease: (i) if the County fails to pay any Rent (or any installment thereof or additional rent) within ten (10) days after the same shall be due and payable and again fails to pay within 10 days after the County receives Landlords written notice of the failure to pay. (ii) if the County shall breach or substantially fail in the observance or performance of any of the material terms, conditions or covenants of the Lease to be observed or performed by the County, other than those involving the payment of Rent and such breach or failure is not cured within thirty (30) days (or such period as may reasonably be required to correct the default with the exercise of due diligence) after the County's receipt of written notice. The County's exercise of its option to terminate under paragraph 36 must not be construed to constitute a "failure to pay rent".
- 22.B. County's Right to Cure: Upon the occurrence of any event of Default described in this section, Landlord shall have all rights and remedies provided in this Section, in addition to all rights and remedies available under this Lease and the laws of the State of Maryland, except that Landlord shall have no right to terminate or take other action against the County based on the Default if the County cures the Default within the applicable notice period.
- 22.C. Landlord's Remedies: In the event of default by the County under this Lease, then and in each and every event from thenceforth, and at all times thereafter, at the option of Landlord, The County's right of possession shall thereupon cease and terminate, and Landlord shall be entitled to possession of the Leased Premises and to re-enter the same without demand of rent or demand of possession of the Leased Premises and may forthwith proceed to recover possession of the Leased Premises by process of law. In event of re-entry by process of law or otherwise, The County nevertheless agrees to remain

answerable for any and all damage, deficiency or loss of rent which Landlord may sustain by such re-entry whether or not Landlord re-lets the Leased Premises.

If under the provisions of this Lease, a summons or other applicable summary process shall be served, pursuant to the law of the State of Maryland, and a compromise settlement thereof shall be made, it shall not be constituted as a waiver of any breach of any covenant, condition or agreement herein contained and no waiver of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of the covenant, condition or agreement itself, or of any subsequent breach thereof. No provision of this Lease shall be deemed to have been waived by Landlord or by the County unless such waiver shall be in writing signed by Landlord or the County. No payment by The County or receipt by Landlord of a lesser amount than the monthly installments of rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

- 22.D. By Landlord: If Landlord or Landlord's assigns shall fail or neglect to keep and perform each and every one of Landlord's covenants, conditions, and agreements as contained herein, and such failure or neglect is not remedied within sixty (60) days (or such period as may reasonably be required to correct the default with exercise of due diligence) after written notice from the County specifying the default, then the County, at the County's option, may pursue any equitable and legal remedies available to the County.
- 23. EMINENT DOMAIN: If the whole or a substantial part of the Leased Premises (25% or more) of shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including, without limitation, sale under threat of such a taking), then the Lease Term shall cease and terminate as of the date when title vests in such governmental or quasi-governmental authority, and rent shall be prorated to the date when title vests in such governmental or quasi-governmental authority. If less than a substantial part of the Leased Premises is taken or

condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including, without limitation, sale under threat of such a taking) rent and the County's proportionate share shall be reduced by the ratio that the portion so taken bears to the rentable square footage of the Leased Premises before such taking, effective as of the date when title vest in such governmental or quasi-governmental authority, and this Lease shall otherwise continue in full force and effect. The County shall have no claim against the Landlord (or otherwise) as a result of such taking, and the County agrees to make no claim against the condemning authority for any portion of the amount that may be awarded as compensation or damages as a result of such taking; provided, however, that the County may, to the extent allowed by law, make claim for compensable relocation expenses and for the taking of any of the County's property (other than its leasehold interest in the Premises) which does not, under the terms of this Lease, become the property of the Landlord at the termination of this Lease, as long as such claim is separate and distinct from any claim of the Landlord and does not diminish the Landlord's award.

24. DAMAGE TO PREMISES: If the Premises shall be damaged by fire or other Casualty, not due to the County's negligence, but are not thereby rendered untenantable in whole or in part, Landlord shall promptly at its own expense cause such damage to be repaired, and the base and additional rents shall not be abated. If by reason of any such occurrence, the Leased Premises shall be rendered untenantable only in part, Landlord shall promptly at its own expense cause the damage to be repaired, and the base and additional rents meanwhile shall be abated proportionately as to the portion of the Leased Premises rendered untenantable. If the Leased Premises shall be rendered wholly untenantable by reason of such occurrence, the Landlord shall promptly at its own expense cause such damage to be repaired and the base and additional rent meanwhile shall be abated in whole, provided however, that Landlord and the County shall each have the right, to be exercised by notice in writing delivered to the other within sixty (60) days from and after said occurrence, to terminate this Lease, and in such event this Lease and the tenancy hereby created shall cease as of the date of the said occurrence, the rent to be adjusted as of such date. If

fifty 50% or more of the Building is destroyed, the Lease can be terminated by the Landlord or the County.

25. SUBORDINATION: The County agrees that this Lease shall be subordinate to any mortgages or deeds of trust that may hereafter be placed upon the Leased Premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacement and extensions thereof, provided the mortgagee or trustee named in said mortgages or deeds of trust shall agree to recognize this Lease and the rights of the County hereunder.

If any person shall succeed to all or part of Landlord's interest in the Leased Premises, whether by purchase, foreclosure, deed in lien of foreclosure, power of sale, termination of Lease or otherwise, the County shall, without charge, attorn to such successor-in-interest upon written request from Landlord, using the form attached hereto as Lease Exhibit "G", Lease Subordination, Non-Disturbance and Attornment Agreement.

26. ESTOPPEL CERTIFICATES: The County agrees, upon not less than twenty (20) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord in writing the completed and signed Estoppel Certificate as contained in Lease Exhibit "H" Estoppel Certificate (Form).

27. SURRENDER AND HOLDING OVER: The County, upon expiration or termination of this Lease, either by lapse of time or otherwise, shall peaceably surrender the Leased Premises to the Landlord in broom clean condition and in good repair. In the event that the County shall hold over after the expiration of this Lease, and any renewals thereof without the consent of Landlord, the tenancy created by such holding over shall be month-to-month tenancy only, but in all other respects shall be governed by the terms of this Lease, provided, however, that in all cases a thirty (30) day notice shall be required to

terminate the tenancy created by such holdover. If the County shall hold over after the expiration of this Lease, and any renewals thereof, it shall, in the absence of any agreement to the contrary, be month-to-month tenancy with base rent payable at a rate of one and one-quarter (125%) times the monthly amount in effect during the last month of the expiring Lease term, plus additional rent due under this Lease.

- 28. LANDLORD AND COUNTY NOT PARTNERS: It is expressly understood that neither Landlord or County shall not be construed or held to be a partner or associate of the County nor shall the County be construed or held to be a partner or associate of the Landlord in the conduct of the County's business; it being expressly understood that the relationship between the Parties hereto is and shall remain at all times that of landlord and tenant.
- 29. FIRE EXTINGUISHERS: The County shall be obligated to supply and maintain at its own cost and expense any fire extinguishers or other fire prevention equipment required by law, rules, orders, ordinances, regulations and/or recommendations of the City, County, State, Rating Bureau or Underwriters Association having jurisdiction over the Premises.
- 30. LANDLORD'S TITLE AND COVENANT OF QUIET ENJOYMENT: Landlord covenants that it has full right and power to execute and perform this Lease, and that it will put the County into complete and exclusive possession of the Premises. Landlord further covenants that the County, on paying the rents reserved herein and performing the covenants and agreements hereof, shall peaceably and quietly have, hold and enjoy the Premises and all rights, easements, appurtenances and privileges thereunto belonging or in any way appertaining, during the full term of this Lease, and any extension or renewals hereof.
- 31. <u>LANDLORD'S LIABILITY</u>: The County and its successors and assigns and any one claiming derivatively through County, shall look solely to the equity of the then owner of the Premises for the satisfaction of remedies by County or any other party in the event of a breach by the Landlord of any of its obligations hereunder.

32. FORCE MAJEURE: Anything in this Lease to the contrary notwithstanding, providing such cause is not due to the willful act or negligence of either party, neither party shall be deemed in default with respect to the performance of any of the terms, covenants, and conditions of this Lease if same shall be due to any strike, lockout, civil commotion, warlike operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain any material, service through Act of God or other cause beyond the control of either party.

## 33. GENERAL PROVISIONS:

- 33.A. Entire Agreement: It is further understood and agreed that this instrument contains the entire agreement between the Parties hereto and shall not be modified in any manner except by and instrument in writing duly executed by the Parties hereto.
- 33.B. Rights and Remedies: In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and County shall have all rights and remedies granted by Law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by Landlord or County to resort to any or all of their respective rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of any party in any action or default
- 33.C. Governing Law: The provision of this Lease shall be governed by the laws of the State of Maryland. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.
  - 33.D. Accord and Satisfaction: No payment shall be deemed an accord and satisfaction.
- 33.E. Assignment by Landlord: Landlord may assign its rights with written notice to the County. Landlord may also delegate its obligations under this Lease to a bona fide third-party purchaser for value with written notice to the County and Landlord shall have no further obligations under this Lease after County has notice of the delegation except for those obligations that accrued prior to the delegation.

- 33.F. Captions: Unless used otherwise, captions and numbers do not affect the Lease.
- 33.G. No Option: The submission of this document is not an offer, option or reservation to purchase the Property or the Leased Premises.
- 33.H. Broker's Commission: The parties hereto agree that no other broker was involved in procuring or negotiating this Lease other than HBW Group (whose fees are the sole responsibility of the Landlord and will be paid under a separate agreement by Landlord), and the parties hereto agree to hold each other harmless from any and all claims from any other brokerage fees.
- 33.K. Time of Essence: Time is of the essence in the performance of all of Landlord's and The County's obligations under this Lease.
- 34. NON-DISCRIMINATION: The Landlord agrees to comply with the non-discrimination policies as required by Sections 11B-33 and Chapter 27 of the Montgomery County Code (2004), as amended, as well as all other federal, state and local laws, rules, and regulations regarding discrimination. By signing this Lease, the Landlord assures the County that in accordance with applicable law, it does not, and agrees that it will not engage in any discrimination in violation of the above sections of the Montgomery County Code as well as any other federal, state or local laws, rules and regulations.
- 35. ETHICS REQUIREMENTS. The Landlord understands and agrees that unless authorized pursuant to Section 11B-52 and Chapter 19A of the Montgomery County Code (2004) as amended, that is unlawful for any person or entity transacting business with the County to employ a public employee for employment contemporaneous with his or her public employment.

# 36. NON-APPROPRIATION:

36.A. Obligations Subject to Appropriation: Landlord and County acknowledge and agree that, so long as the County is the tenant under this Lease, this Lease is subject to the annual appropriation of funds.

36.B. Effect of Failure to Appropriate: If the County fails to appropriate, on or before May 31<sup>st</sup> of any calendar year, sufficient funds for full payment of the rent and performance of the County's other obligations under this Lease for the County's next fiscal year (i.e., the period commencing on the next July 1<sup>st</sup> and ending the following June 30<sup>th</sup>), for any reason whatsoever, this Lease will automatically terminate at 11:59 p.m. on June 30<sup>th</sup> of the current fiscal year.

36.C. Landlord Entitled to Stipulated Sum: County shall give Landlord a minimum of thirty (30) days notice of the lack of appropriation. Termination under this Paragraph does not constitute an event of default by the County. If County elects to terminate this Lease, they shall pay to Landlord all unamortized cost of this transaction, as set forth in Exhibit C. The amount paid shall be the amount shown in the balance column.

37. WAIVER OF JURY TRIAL AND TRIAL JURISDICTION: Should any controversy arise by and between the Parties concerning any of the terms and conditions contained in this Lease, or the payment of any monies due hereunder, each of the parties hereby knowingly, voluntarily and intentionally waives its right to a jury trial and freely elects to be tried by a court of competent jurisdiction without a jury in the proper court in Montgomery County.

38. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by (a) hand delivery, (b) certified or registered mail with pre-paid return receipt, or (c) reputable over-night delivery service. Notice deemed given upon the earlier of (a) five (5) days after Mailing, (b) upon receipt, or (c) refusal to accept. Notices to the respective parties shall be addressed as follows.

To Landlord:

Steven Fanaroff, Managing Member
Fanaroff & Steppa, LLC
P. O. Box 1432
Rockville, MD 20849-1432

# To the County:

MONTGOMERY COUNTY, MARYLAND

Department of General services

Office of Real Estate

101 Monroe Street, 9th Floor

Rockville, Maryland 20850

Te1: (240) 777-7250

Fax: (240) 777-7259

With a copy that does not constitute notice to:

Office of the County Attorney

101 Monroe Street, 3<sup>rd</sup> Floor

Rockville, Maryland 20850

Attn: County Attorney

### 39. HAZARDOUS WASTE:

39.A. The County will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Leased Premises or transport to or from the Leased Premises any Hazardous Substance (as defined below) or allow any other person or entity to do so.

- 39.B. The County shall keep and maintain the Leased Premises in compliance with, and shall not cause or permit the Leased Premises to be in violation of, any Environmental Law (as defined below).
  - 39.C. The County shall give prompt written notice to Landlord of:
- (i) any proceeding or inquiry by any governmental authority with respect to the presence of any Hazardous Substance on the Leased Premises or the migration thereof from or to other property;
- (ii) all claims made or threatened by any third party against The County or the Leased Premises relating to any loss or injury resulting from any Hazardous Substance; and

- (iii) The County's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Leased Premises that could cause the Leased Premises or any part thereof to be subject to the restrictions on the ownership, occupancy, transferability or use of the Leased Premises under any Environmental Law.
- 39.E. Subject to the Statutory Limitations, the County shall protect, indemnify and hold harmless Landlord, and assigns from and against any and all loss, damage, cost, expense or liability (including attorney fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under or about the Leased Premises including without limitation (i) all foreseeable consequential damages, and (ii) the costs of any required or necessary repair, cleanup or detoxification of the Leased Premises and the preparation and implementation of any closure, remedial or other required plans. The foregoing environmental indemnity shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of Maryland.
- 39.F. In the event that the County's occupancy of or activities in the Leased Premises cause any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (the "Remedial Work") to be reasonable, necessary or desirable under any applicable local, state or federal law or regulation, any judicial order, or by any governmental or non-governmental entity or person because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Substance in or into the air, soil, ground water, surface water or soil vapor at, on, about, under or within the Leased Premises (or any portion hereof), The County shall within thirty (30) days after written demand for performance thereof by Landlord (or such shorter period of time as may be required under any applicable law, regulation, order or agreement), commence and thereafter diligently prosecute to completion, all such Remedial Work. All Remedial Work shall be performed by contractors approved in advance by Landlord, and under the supervision of a consulting

engineer approved by Landlord. All costs and expenses of such Remedial Work shall be paid by the County including, without limitation, Landlord's reasonable attorney fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event the County shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Landlord may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall become immediately due and payable as additional rent to the Landlord from the the County.

39.G. "Environmental Law" means any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Leased Premises, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. Sections 9601 et seq., and the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Sections 6901 et seq.

# 39.H. The term "Hazardous Substance" includes without limitation:

- (i) Those substances included within the definitions of "hazardous substances," or "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., and in the regulations promulgated pursuant to said laws;
- (ii) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);
- (iii) Such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations; and
- (iv) Any material, waste or substance which is (a) asbestos, (b) polychlorinated biphenyls, (c) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33

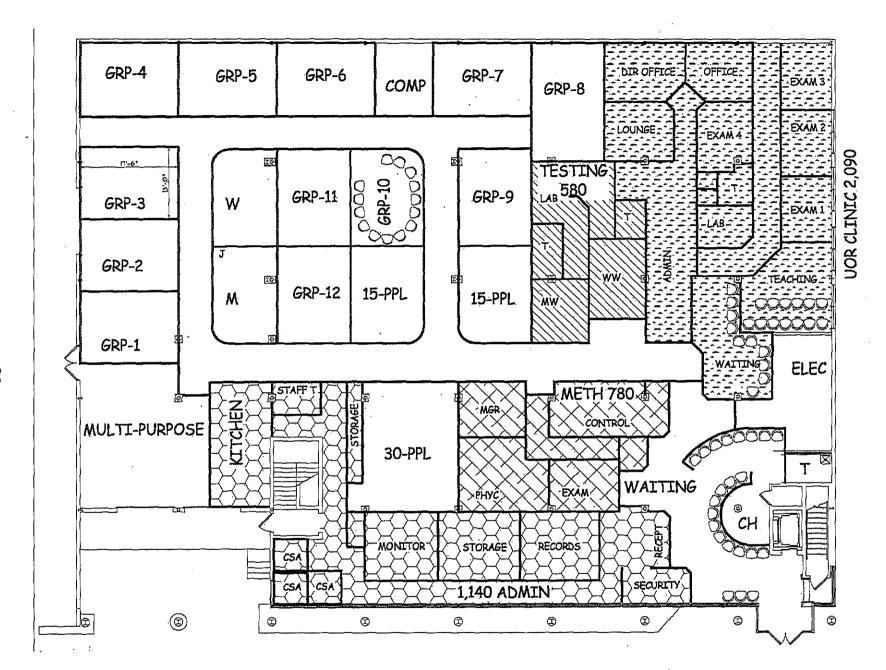
U.S.C. Sections 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (d) explosives, or (e) radioactive materials.

39.I. Landlord represents that to its actual knowledge there is no environmental contamination on the Premises. Landlord agrees to indemnify and hold The County harmless for any environmental contamination found on the Premises and for any liability or expense arising therefrom, except for any environmental contamination caused by the County.

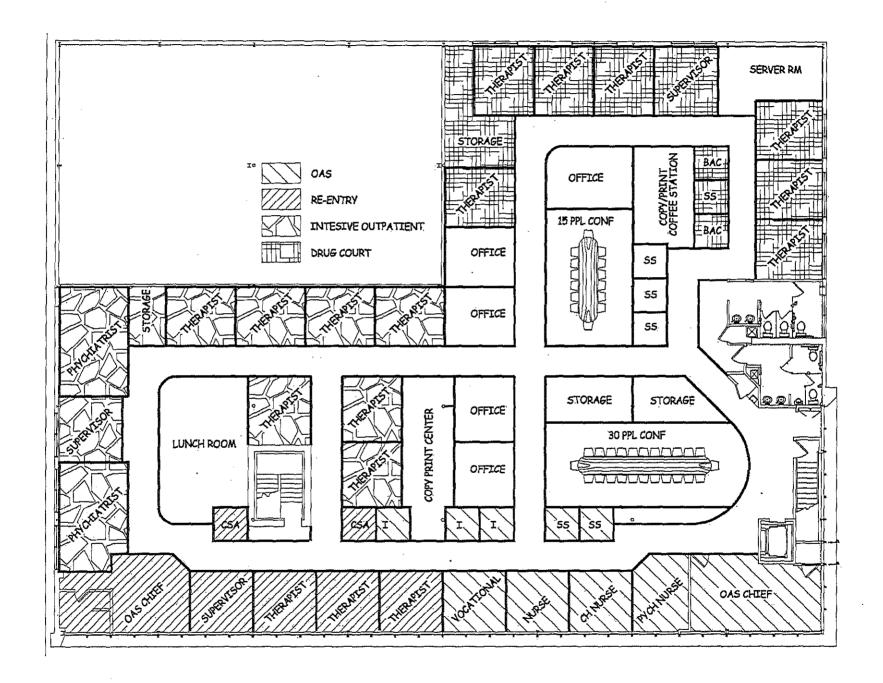
SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties hereto have caused this Lease to be properly executed.

Witness to Landlord:	Landlord: FANAROFF AND STEPPA, LLC
Coll	By: Steven Fanaroff Manager Date signed: 6/22/10
	Tenant: MONTGOMERY COUNTY, MARYLAND
	By: Kine K Munth Group Diane R. Schwartz Jones Assistant Chief Administrative Officer Date signed: 6/29/10
APPROVED AS TO FORM AND LEGALITY OFFICE OF THE COUNTY ATTORNEY	
By: Assistant County Attorney	
Date signed: 6 6 0	
RECOMMENDED:	
By: Cynthia L. Brenneman, Director Office of Real Estate	



Lease Exhibit "A" Schematic Plans of Premises.



Lease Exhibit "B" Rent Schedule

LEASEYEAR	M	NTHLY RENE		INNUAL RENT
July 1, 2011-June 30, 2012	\$	47,325.08	<del>高速速速落</del> <b>S</b>	567,901.00
July 1, 2012-June 30, 2013	\$	48,744.84	\$	584,938.03
July 1, 2013-June 30, 2014	S	50,207.18	\$	602,486.17
July 1, 2014-June 30, 2015	. \$	51,713.40	\$	620,560.76
July 1, 2015-June 30, 2016	S	53,264.80	\$	639,177.58
July 1, 2016-June 30, 2017	\$	54,862.74	\$	658,352.91
July 1, 2017-June 30, 2018	\$	56,508.62	\$	678,103.49
July 1, 2018-June 30, 2019 .	\$	58,203.88	\$	698,446.60
July 1, 2019-June 30, 2020	\$	59,950.00	\$	719,400.00
July 1, 2020-June 30, 2021	\$	61,748.50	\$	740,982.00
Option Period				
Year 11	\$	63,292.21	\$	759,506.55
Year 12	\$	64,874.52	\$	778,494.21
Year 13	\$	66,496.38	\$	797,956.56
Year 14	\$.	68,158.79	\$	817,905.48
Year 15	\$	69,862.76	\$	838,353.12
Year 16 .	\$	71,609.33	\$	. 859,311.94
Year 17	\$	73,399.56	\$	880,794.74
Year 18	\$	75,234.55	\$	902,814.61
Year 19	\$	77,115.41	\$	925,384.98
Year 20	\$	79,043.30	\$	948,519.60

# Lease Exhibit "C" Unamortized Cost Schedule

Compound Period ..... Annual

Nominal Annual Rate 6.000 % Effective Annual Rate 6.000 % Periodic Rate 6.0000 % Daily Rate 0.01644 %

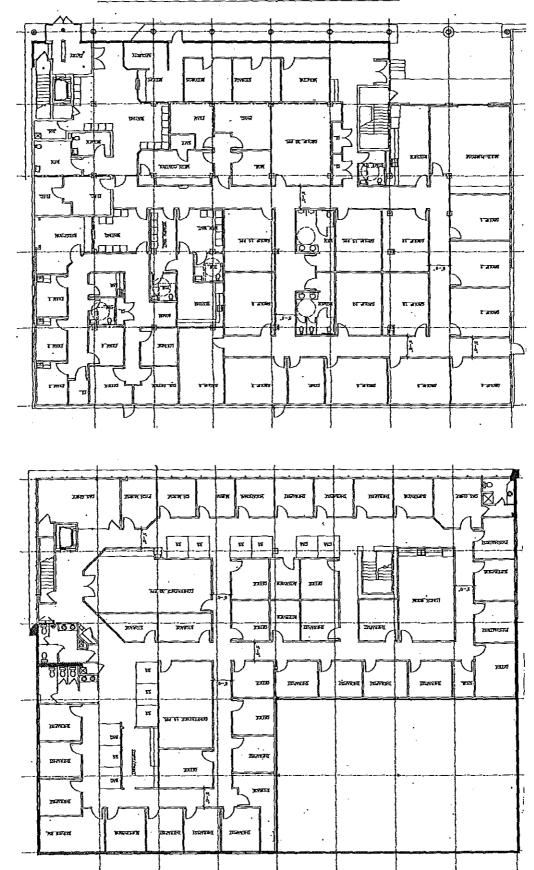
# CASH FLOW DATA

Event Rent + Tenant Build-out	Start Date 7/1/2010	Amount 1,072,500.00	Number Period	End Date
TIOTE + TOTALLE BUILD-OUT	7/1/2011	93,505.44	20 Annuai	6/30/2021
Date 7/1/2010	Payment	Interest	Principal	Balance 1,072,500.00
2010 Totals	0.00	0.00	0,00	
1 07/01/2011	93,505.44	64,350.00	29,155.44	1,043,344.56
2011 Totals	93,505,44	64,350.00	29,155.44	
2 07/01/2012	93,505.44	62,600.67	30,904.77	1,012,439.79
2012 Totals	93,505.44	62,600.67	30,904.77	
3 07/01/2013	93,505.44	60,746.39	32,759.05	979,680.74
2013 Totals	93,505.44	60,746.39	32,759.05	
4 07/01/2014	93,505.44	58,780.84	34,724.60	944,956.14
2014 Totals	93,505.44	58,780.84	34,724.60	
5 07/01/2015	93,505.44	56,697.37	36,808.07	908,148.07
2015 Totals	93,505.44	56,697.37	36,808,07	•
6 07/01/2016	93,505.44	54,488.88	39,016,56	869,131.51
2016 Totals	93,505.44	54,488.88	39,016,56	
7 07/01/2017	93,505.44	52,147.89	41,357.55	827,773.96
2017 Totals	93,505.44	52,147.89	41,357.55	
8 07/01/2018	93,505.44	49,666.44	43,839.00	783,934.96
2018 Totals	93,505.44	49,666.44	43,839.00	
9 07/01/2019	93,505.44	47,036.10	46,469.34	737,465.62
2019 Totals	93,505.44	47,036.10	46,469.34	
10 07/01/2020	93,505.44	44,247.94	49,257.50	688,208.12
2020 Totals	93,505.44	44,247.94	49,257.50	•
11 07/01/2021	93,505.44	41,292,49	52,212.95	635,995,17
2021 Totals	93,505.44	41,292.49	52,212,95	

Roll ins- Avail oCo				
Date	Payment	Interest	Principal	Balance
12 07/01/2022 2022 Totals	93,505.44 93,505.44	38,159.71 38,159.71	55,345.73 55,345.73	580,649.44
13 07/01/2023	93,505.44	34,838.97	58,666.47	521,982.97
2023 Totals	93,505.44	34,838.97	58,666.47	•
14 07/01/2024	93,505.44	31,318.98	62,188.46	459,796.51
2024 Totals	93,505.44	31,318.98	62,188.46	
15 07/01/2025	93,505.44	27,587.79	65,917.85	393,878.86
2025 Totals	93,505.44	27,587.79	65,917.85	
16 07/01/2026	93,505.44	23,632.13	69,872.71	324,006.15
2026 Totals	93,505.44	23,632,73	69,872.71	
17 07/01/2027	93,505.44	19,440,37	74,065.07	249,941.08
2027 Totals	93,505.44	19,440,37	74,065.07	
18 07/01/2028	93,505.44	14,996,46	78,508.98	171,432.10
2028 Totals	93,505.44	14,996,46	78,508.98	
19 07/01/2029	93,505,44	10,285.93	83,21951	88,212.59
2029 Totals	93 <b>,</b> 505;44	10,285.93	83,21951	
20 07/01/2030	93,505.44	5,292,85	88,212.59	0.00
2030 Totals	93,505.44	5,292.85	88,212.59	
Grand Totals	1,870,108.80	797,608.80	1,072,500.00	

Last interest amount increased by 0.09 due to rounding.

Lease Exhibit "D" Preliminary Architectural Plans



#### Lease Exhibit "E" Approved Construction Plans

To be inserted upon completion

# Lease Exhibit "F" Approved Construction Specifications

To be inserted upon completion

### Lease Exhibit "G"

### Lease Subordination, Non-Disturbance, and Attornment Agreement

This Subordination, Non-Disturbance and Attornment Agreement (the "Agreement") made this day of . 2010 among , a
corporation (the "Lender"), a
made this day of, 2010 among, a, a, a
RECITALS
A. Landlord and The County have entered into a certain lease agreement dated, 2010 [and amended, 20] (the "Lease") for the premises consisting of square feet, more or less (the "Leased Premises"). The Leased Premises are part of the property located in Montgomery County, Maryland known as Parcel
on Tax Map, commonly known as [street address], and more particularly described on EXHIBIT A, attached and incorporated as if fully set forth (the "Property").
B. Lender and the Landlord have represented to the County that the Lender will make a loan to the Landlord in the principal amount of
C. The County has agreed that the Lease shall be subject to and subordinate to the Mortgage held by the Lender, provided the County is assured of continued occupancy of the Premises under the Terms of the Lease.
NOW, THEREFORE, for and in consideration of the mutual covenants made among the Parties in this Agreement, and the payment of the sum of \$10.00 by the Lender to the County, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree as follows:
1. <u>Subordination and Consent</u> . The Parties agree that the Lease is and shall continue to be subject and subordinate to the Mortgage and to any renewals, modifications, consolidations, replacements and extensions of the Mortgage and to all advances made under the Mortgage. The County acknowledges that Landlord will execute and deliver to the Lender an assignment of the Lease as security for the Loan, and the County expressly consents to the assignment. The County agrees that if there is a default by the Landlord in performance of the terms of the Loan that Lender may, at Lender's option, demand in writing sent to the County by first class mail, postage prepaid and certified mail to the address provided below, that all payments of rent and additional rent due under the Lease must be paid directly by the County to the Lender at the address specified below or as otherwise specified in writing by the Lender to the County. the County agrees that not more than 30 days after receiving the Lender's written demand for

payment of rent directly to the Lender that the County will remit all payments of rent and additional rent due under the Lease to the Lender at the address provided by the Lender in writing. THE PARTIES AGREE THAT PAYMENTS MADE TO LENDER IN ACCORDANCE WITH THE REQUIREMENTS OF THE LEASE AND THIS AGREEMENT WILL CONSTITUTE PERFORMANCE OF THE COUNTY'S PAYMENT OBLIGATIONS UNDER THE LEASE, AND THAT NEITHER THE LANDLORD NOR THE LENDER WILL HAVE ANY CLAIMS AGAINST THE COUNTY FOR ANY RENT, ADDITIONAL RENT, OR OTHER PAYMENTS MADE BY THE COUNTY IN CONFORMANCE WITH THE TERMS OF THE LEASE AND THIS AGREEMENT AT THE WRITTEN DIRECTION OF THE LENDER. The Landlord and the Lender fully indemnify the County for any such payments made under this Paragraph, and the Lender will provide a defense to any claim for payment made by the Landlord or any party claiming through the Landlord for payments made by the County to the Lender under this Agreement.

- 2. Nondisturbance. The Lender agrees with the County that, in the event that the Lender becomes the fee simple owner of the Property, so long as the County complies with and performs all of the County's material obligations under the Lease, (a) the Lease will remain in full force and effect as a direct Lease between the Lender, including the Lender's successors and assigns, and the County, subject to all of the terms, covenants and conditions of the Lease, for the balance of the Lease Term, and that Lender and Lender's successors and assigns will not disturb the County's possession of the Leased Premises, and (b) the Lender and the Lender's successors and assigns will recognize the County as the County of the Leased Premises for the remainder of the Lease Term in accordance with the provisions of the Lease. THE PARTIES AGREE THAT IF THE LENDER OR THE LENDER'S SUCCESSORS OR ASSIGNS BECOMES THE FEE SIMPLE OWNER OF THE PROPERTY, LENDER WILL NOT BE: (I) SUBJECT TO ANY CLAIMS, OFFSETS, OR DEFENSES WHICH THE COUNTY MIGHT HAVE AGAINST LANDLORD; OR (II) LIABLE FOR ANY ACT OR OMISSION OF LANDLORD; OR (III) BOUND BY ANY RENT OR ADDITIONAL RENT PAID MORE THAN ONE MONTH IN ADVANCE OR ANY SECURITY DEPOSIT OR OTHER PREPAID CHARGE PAID TO LANDLORD; OR (IV) BOUND BY ANY AMENDMENT OR MODIFICATION OF THE LEASE UNLESS WRITTEN NOTICE OF THE AMENDMENT OR MODIFICATION WAS PROVIDED TO THE LENDER IN ADVANCE.
- 3. Attornment. The County agrees that if Lender becomes the fee simple owner of the Property and provides the County with written notice of the change in ownership, the County will attorn to and recognize Lender or Lender's successors or assigns as the landlord under the Lease for the remainder of the Lease Term, and the County will perform all of its obligations under the Lease.
- 4. Lender's Option to Cure Lease Defaults. If Landlord fails to perform or observe any of the terms, conditions, or agreements in the Lease, the County will give written notice to the Lender and the Lender will have the right, but not the obligation, to cure the default or defaults on behalf of the Landlord. The County will not terminate or rescind the Lease or withhold payments of rent or additional rent under the Lease for a period of 30 days following receipt of written notice from the Lender of Lender's intention to cure the default so long as the Lender proceeds to promptly cure the default. If Lender acts promptly upon notice from the County to cure the default and, despite the Lender's prompt, diligent, and continuous efforts to cure the default Lender is unable to complete the cure within 30 days, then the Lender and the County may agree that the time within which the cure must be completed may be extended for a

reasonable period of time not to exceed 60 days as may be necessary for the Lender to complete the cure.

- 5. Obligations and Liability of Lender. Unless otherwise agreed in writing, the Lender shall have no obligations under the Lease unless Lender becomes the fee simple owner of the Property. So long as the Lender remains a mortgagee with bare legal title to the Property securing repayment of the Loan to the Landlord, then the Lender is not responsible for any of Landlord's obligations under the Lease other than the Lender's voluntary efforts to cure defaults as provided above in this Agreement. If Lender becomes the fee simple owner of the Property, then Lender will step into the shoes of the Landlord with respect to the Landlord's obligations under the Lease until such time as the Lender transfers fee simple ownership of the Property to a new owner, who will assume all of Landlord's obligations under the Lease.
- 6. Severability. If any provision of this Agreement is found by a court to be unenforceable, then all provisions not invalidated or found by the court to be unenforceable will remain in full force and effect.
- 7. Governing Law and Choice of Forum. This Agreement is governed by and must be construed under the laws of the State of Maryland without regard to conflicts of laws principles. Any claim or action to enforce, interpret, or invalidate this Agreement must be filed and maintained in a court of competent jurisdiction located in Montgomery County, Maryland.
- 8. <u>Notices</u>. All notices required to be given under this Agreement will be deemed to be satisfactorily given if mailed, first class, postage prepaid and certified with return receipt or hand delivered by a nationally recognized receipted delivery service to:

If to the Lender, to:

If to the Landlord, to:

Steven Fanaroff, Managing Member

Fanaroff & Steppa, LLC 1055 First Street, Suite 200 Rockville, Maryland 20850

with a copy that does

not constitute notice to:

HBW Group

1055 First Street, Suite 200 Rockville, Maryland 20850

Attn: Joanne Senall, Property Management

If to the County, to:

Montgomery County Government Department of General Services 101 Monroe Street, 9<sup>th</sup> Floor Rockville, MD 20850

Attn: Director, Office of Real Estate

with a copy that does not constitute notice to:

Office of the County Attorney 101 Monroe Street, 3<sup>rd</sup> Floor Rockville, MD 20850

Attn: County Attorney

Notices will be deemed effective three (3) business days following deposit of first class and certified mail copies with the U.S. Postal Service or on the business day of hand delivery to the addressee. Parties must provide written notice of address changes to all other Parties as provided in this Paragraph. Any notice of address change provided as required in this Paragraph will be effective 30 days after it is deemed to be effective.

- 9. <u>Successors and Assigns</u>. This Agreement will be binding upon and inure to the benefit of the Parties, their successors, and assigns.
- 10. <u>The County's Personal Property</u>. The Mortgage may not, under any circumstances, be construed to encumber any of the County's moveable trade fixtures, business equipment, furniture, signs, or other personal property placed or kept at any time on the Leased Premises.
- 11. <u>Headings</u>. The headings and captions used in this Agreement are for convenience only, and shall not affect interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this document effective the date first written above.

	LENDER .
	Ву:
	Printed Name:
	Date:
Notary jurat for Lender	•
	LANDLORD Fanaroff & Steppa, LLC
	By: Steven Fanaroff, Managing Member
	Printed Name:
•	Date:

# STATE OF MARYLAND COUNTY OF MONTGOMERY

On this theday of, 20,	before me, a notary public in and for the State of
Maryland, personally appeared Fanaroff, who a	cknowledged himself to be the managing member of the
Fanaroff & Steppa, LLC, a Maryland limited lia	ability company, and that he, as such managing member,
being authorized to do so, executed the foregoin	ng instrument for the purposes therein contained, by
signing the name of the limited liability compar	ny by himself as managing member.
IN WITNESS WHEREOF I hereunt	to set my hand and official seal.
	Notary Public
	My Commission Expires On:
	·
	TENANT
•	Montgomery County, Maryland
	a body corporate and politic and a political subdivision of the State of Maryland
• .	n
	By:Assistant Chief Administrative Officer
STATE OF MARYLAND	Assistant Chief Administrative Officer
COUNTY OF MONTGOMERY	
being authorized to do so, executed the fore	20, before me the undersigned officer, personally ome to be an Assistant Chief Administrative Officer at he, as such Assistant Chief Administrative Officer as Assistant Chief Administrative Officer

Notary Public	
Mr. Commission Erminas One	
My Commission Expires On:	•
	- 
,	

## Lease Exhibit "H" Estoppel Certificate Form

#### TENANT ESTOPPEL CERTIFICATE

TO:
RE:
It is our understanding that you have agreed to purchase the Property, and that  ——————————————————————————————————
The undersigned (the "Tenant"), under that certain Lease (the "Lease") between the Tenant and (the "Landlord"), hereby ratifies the Lease and certifies to you the following:
1. A true, correct and complete copy of the Lease, dated, together with all amendments thereto, is attached to this Certificate. The Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except by the agreement(s), if any, which are attached hereto as a part of the Lease, and which are listed below:
2. The Tenant's Premises, as defined in the Lease, is, and the Premises has been completed in accordance with the terms of the Lease. Tenant accepted possession and occupied said Premises, thereby commencing the beginning of the lease term on
3. There are square feet contained in the Premises.
4. The minimum rent currently payable under the Lease is in the amount of \$
5. The Tenant currently pays as additional rent a fixed percentage equal to% of the Operating Expenses of the Property and% of the Real Estate Taxes for the Property to the extent that those annual expenses exceed the base amounts designated in the Lease as follows:
Operating Expense Base Amount:  Real Estate Taxes Base Amount:
Current additional monthly payments for expense reimbursements are \$ per month for Operating Expenses, and \$ per month for Real Estate Taxes.

have occurred i	There exist no defenses or offsets to enforcement of the Lease by the Landlord, and there ite hereof, no defaults or breaches on the part of the Landlord under the Lease, and no facts nor circumstances exist which, with the giving of notice, or lapse of time, or both, could onstitute a default or breach on the part of the Landlord.
7. the Landlord.	The Tenant's security deposit, in the amount of, has been deposited with Tenant is not entitled to any interest on the security deposit.
8. the Tenant, nor any affiliate of	The Lease represents the entire agreement between the Landlord and Tenant, and neither any affiliate of the Tenant has any other contractual relationships with the Landlord, or the Landlord.
9.	There are no subleases in effect for all or any part of the Premises.
10. extend the term those specifical	The term of the Lease expires on, and the Tenant has no options to a, to terminate the lease, to lease additional space, or to purchase the Property, except for ly listed below:
	, pursuant to Section of the Lease.
11. provisions of th	The Tenant is not in default in performing or complying with any of the terms and the Lease.
•	All required contributions by Landlord to Tenant on account of Tenant's constructed (if any) have been received by the Tenant. All required commissions due any broker or ative of Tenant in connection with the Lease have been paid in full.
Purchaser, its s conveyed and t	Tenant is aware that Landlord has or will execute an Assignment of the Lease to (the "Purchaser") and Tenant hereby agrees to pay all rents due under its Lease to the uccessors or assigns, upon the written notification by Landlord that the Property has been that the Landlord has assigned its right to collect the rent in accordance with the terms of . In the event of such Assignment, Tenant agrees to look solely to Landlord for any and all
claims arising p	orior to the date of such Assignment, and solely to Purchaser for any and all claims arising late of such Assignment.
14. the Lease, or as	The address for notices to be given to the Tenant pursuant to the Lease is as set forth in set forth below.
15. Such notices s designate):	Tenant agrees to provide Lender copies of any and all notices given under the Lease. hall be sent to Lender at the following address (or such other address as Lender may
16.	Tenant is not currently a debtor in any bankruptcy, reorganization, arrangement or ceedings.

- 17. Tenant has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the said Lease or of the rents secured therein, except to above described Lender.
- 18. If Lender or its designee succeeds to Landlord's interest in the Property or if a sale by power of sale or foreclosure occurs, Tenant shall attorn to Lender, its designee or a purchaser at such sale as its landlord.
- 19. In connection with its use and occupancy of the Premises, Tenant is not and will not become engaged in the production, treatment, release or storage of hazardous or toxic substances which pose a substantial risk of imminent damage to public health or safety or to the environment.

This Certificate may be relied upon by you or your assignee, your Lender and the respective successors and assigns of all such parties. The party executing this Estoppel Certificate on behalf of the Tenant is duly authorized to execute and deliver this Estoppel Certificate to you and your Lender.

	WITNESS WHEREOF, the undersigned has executed this Estoppel Certificate on the da , 2010.
Tenant:	
Ву:	
Print Na	e:
Title:	
Address	
	•

If applicable, any Guarantor shall be required to join herein to confirm its Guaranty of Lease

